



Arnold Schwarzenegger, Governor
State of California
Business, Transportation and Housing Agency

Department of Managed Health Care
980 Ninth Street, Suite 500
Sacramento, CA 95814-2725
(916) 323-0435 -Phone
(916) 323-0438 -Fax
enforcement@dmhc.ca.gov

May 12, 2009

DELIVERED VIA FAX TO (626) 458-6761 AND U.S. MAIL

James Gerson, MD, FAAP
County of Los Angeles-Department of Health Services
d.b.a. Community Health Plan
1000 S. Fremont Ave., Building A-9,
Alhambra, CA 91626

**RE: DMHC Complaint Number: 436863
Enforcement Matter Number: 09-194**

LETTER OF AGREEMENT

Dear Dr. Gerson:

The Department of Managed Care (Department) has completed its investigation of Community Health Plan (CHP or Plan), concerning the above-referenced matter. This investigation concerned the Plan's failure to comply with Health and Safety Code section 1368, subdivision (a)(5), and California Code of Regulations, title 28, section 1300.68, subsection (d)(4).

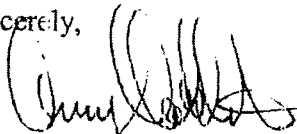
In this matter, the enrollee filed a grievance with CHP requesting coverage for a dermatologist referral on October 21, 2008. CHP denied the grievance on November 19, 2008, stating, "[i]n review of the medical records it was determined that you have received appropriate treatment for your fingernail fungus." However, CHP's denial identified no criteria, clinical guidelines, or medical policies upon which the denial for a dermatologist referral was based.

Health and Safety Code section 1368, subsection (a)(5), and California Code of Regulations, title 28, section 1300.68, subsection (d)(4), hold that written responses to an enrollee's grievance must contain a "clear and concise explanation of the reasons for the plan's response." Additionally, a plan's response letter "must clearly state the criteria, clinical guidelines or medical policies used in reaching the determination." In this instance, none of these requirements were met as the response letter was both unclear and devoid of any medical criteria upon which the Plan's decision was based.

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The Plan has acknowledged its failure to comply with the Knox-Keene Health Care Service Plan Act of 1975, as amended (California Health and Safety Code section 1340, et seq.), in this matter. The Department has determined that an administrative penalty of \$2,500 is warranted, and the Plan has agreed to pay the penalty.

Sincerely,



Amy L. Dobberten
Assistant Deputy Director
Office of Enforcement

CML:js

Accepted by Community Health Plan

Date: 5/21/09



Teri Lauenstein
Director
Community Health Plan

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